



Geology Department

May 13, 1977

Mr. R. C. Baker
Chief Geologist
Natural Resources Group
The Anaconda Company
P. O. Box 27007
Tucson, Arizona 85726

Dear Dick:

Enclosed herewith, I am forwarding the following:

Report on
THE RICO ARGENTINE MINING COMPANY

Rico Mining District
Dolores County, Colorado

The Rico Argentine Mining Company has an indicated reserve from diamond drill results of approximately 1.2 million tons of 2.61% copper with byproduct values in gold and silver. The mineral occurs as a massive sulphide replacement in the Leadville and Ouray limestone formations of Mississippian and Devonian ages. The potential for developing significant tonnages of similar grade copper in the Leadville and Ouray limestones in other parts of the District is thought to be excellent. The property is recommended to The Anaconda Company as an attractive exploration project.

The real estate and physical assets of the Rico Argentine Mining Company have been appraised at approximately 3.3 million dollars. The drill indicated reserve tonnage of copper bearing material has a gross value of approximately \$55,000,000 using 70 cents per pound for copper, \$4.50 per ounce for silver, and \$150 per ounce for gold.

A preliminary exploration program to test the most logical prospect areas to more accurately determine their mineral potential would require at least eight diamond drill holes or about 14,000 feet of diamond drilling. At the completion of such a program it is believed that sufficient data would be available to decide whether or not the property should be purchased and the exploration and development continued. A list of the proposed areas to be drilled and the number and footage of drill holes in each area are shown below:

<u>Area</u>	<u>Drill Holes</u>	<u>Footage</u>
Phoenix-Iron Mine	2	4,000
Mountain Spring	1	2,000
Blackhawk	1	2,000
Argentine	2	4,000
Shamrock	1	1,000
Santa Cruz	1	1,000
	8	14,000 feet

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Cost of the drilling at an estimated \$20 per foot would be \$280,000. Rehabilitation and repair of underground workings for drill support could amount to an additional \$250,000. Total cost of drilling project including drilling, underground work, geologists, support, etc., could easily amount to \$600,000.

It is recommended that The Anaconda Company begin discussions as soon as possible with Crystal Oil Company with the intention of acquiring the property. It would appear that a two-year lease with an option to purchase the property at a specified figure would be the best arrangement. If necessary, a drilling commitment similar to that proposed could be included along with a down payment and monthly payments, both of which should apply to the purchase price.

Yours very truly,

A handwritten signature in dark ink, appearing to read "Wally Garmoe", with a stylized flourish at the end.

W. J. Garmoe

WJG/lh
Encl.